



## HARRISBURG REGIONAL CHAMBER & CREDC<sup>SM</sup>

### POSITION STATEMENT

#### *Department of Environmental Protection Chesapeake Bay Watershed Implementation Plan and Environmental Protection Agency Total Maximum Daily Load*

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#### **Background:**

The Chesapeake Bay is a national natural resource treasure that has been seriously degraded by nutrient and sediment pollution over the last several decades. Pennsylvania encompasses 35.2% of the Chesapeake Bay watershed. Over the past several years, Pennsylvania has made significant progress in reducing nutrient and sediment pollution of local waters, including implementation of a Chesapeake Bay Strategy that initially resulted in new or modified pollution limits for 63 sewage treatment plants (including 10 in Cumberland, Dauphin and Perry Counties). Nevertheless, the Environmental Protection Agency (EPA) is developing a Total Maximum Daily Load (TMDL) for the entire Chesapeake Bay watershed. The TMDL is commonly referred to as a “pollution diet” and when implemented will result in significant increases in compliance costs for regional businesses and residents. The TMDL must be adopted by EPA by May 2011 to meet a consent decree and EPA expects to finalize the proposed TMDL by December 2010.

The major sources of Pennsylvania’s nutrient and sediment pollution to the Bay are agriculture, wastewater or sewage treatment plants, and urban/suburban storm water. As part of the TMDL process, EPA is requiring states in the Bay watershed to develop Watershed Implementation Plans (WIPs). Phase 1 WIPs are expected to contain a schedule for implementation and tracking reductions in nutrient and sediment loads. The Department of Environmental Protection’s (DEP) WIP includes a nutrient trading and offsetting program, the goal of which is to allow these reductions to be achieved through collaboration among the affected sectors at the lowest possible cost. This program has generated interest throughout the country.

The WIP allows point sources to meet DEP’s Chesapeake Bay Strategy pollution limits through a combination of technology investment and the use of nutrient trading and offsets. For example, the compliance strategy of the region’s largest sewage treatment plant, The Harrisburg Authority’s Advanced Wastewater Treatment Facility, is estimated to cost \$35 million to construct, an additional \$1.8 million to operate, and \$1 million annually to purchase nutrient credits. This approach will result in an estimated \$90 per year increase in user rates, which represents a 40% increase.

DEP’s proposed Phase 1 WIP was based upon loading limits of 6 mg/l total nitrogen and 0.8 mg/l total phosphorus at design flow for major point sources. EPA believes DEP’s WIP does not provide reasonable assurance that the state will meet its load reduction requirements. As a result, EPA in its proposed TMDL has included a “backstop” which includes more stringent limits of 3 mg/l total nitrogen and 0.1 mg/l total phosphorus at design flow. EPA’s backstop will have a significant economic impact on the sewage treatment plants and their ratepayers.

#### **Summary:**

The Chamber & CREDC supports efforts to restore the Chesapeake Bay as long as they do not impose unreasonable economic burdens on state and local government and the private sector and utilize the most cost-effective methods to achieve the required pollution reductions.

The Chamber & CREDC support DEP's collaborative approach to establishing point source pollution limits and opposes EPA's proposed more stringent backstop.

The Chamber & CREDC supports a nutrient trading and offsetting program as developed by DEP and is concerned that EPA's backstop may hinder its development. A robust nutrient trading and offsetting program is necessary for the following reasons:

- Nutrient trading creates revenue opportunities and reduces cost;
- Nutrient trading accelerates pollution reduction;
- The cost effectiveness of pollution credit trading has been demonstrated; and
- Nutrient trading could benefit farmers, municipalities, utility ratepayers, wastewater treatment plants, entrepreneurs, local government and taxpayers.

**Chamber Position:** *SUPPORT* DEP WIP  
*OPPOSE* EPA Backstop Proposal

**Date:** November 2, 2010      **Chair:** William J. Cluck      **Committee:** Environmental & Energy  
**Date:** November 4, 2010      **Chairs:** Sheilah Borne, Deb Suder      **Committee:** Government Relations  
**Harrisburg Regional Chamber Board of Directors:** November 5, 2010